

2003 BCSECCOM 19

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from prohibition against a mutual fund investing in securities of a substantial securityholder of the mutual fund manager – mutual funds permitted to make these investments, provided an independent committee reviews the investments and other conditions are met

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 121(2)(a) and 123

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ONTARIO,
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, NOVA SCOTIA
AND NEWFOUNDLAND AND LABRADOR**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

IN THE MATTER OF CI MUTUAL FUNDS INC.

AND

**BPI AMERICAN EQUITY FUND
BPI AMERICAN EQUITY SECTOR FUND
BPI GLOBAL EQUITY FUND
BPI GLOBAL EQUITY SECTOR FUND
BPI INTERNATIONAL EQUITY FUND
BPI INTERNATIONAL EQUITY SECTOR FUND
CI AMERICAN GROWTH FUND
CI AMERICAN MANAGERS SECTOR FUND
CI AMERICAN SMALL COMPANIES FUND
CI AMERICAN SMALL COMPANIES SECTOR FUND
CI AMERICAN VALUE FUND
CI AMERICAN VALUE SECTOR FUND
CI ASIAN DYNASTY FUND
CI CANADIAN EQUITY FUND
CI CANADIAN INVESTMENT FUND
CI CANADIAN SMALL CAP FUND
CI CANADIAN STOCK FUND
CI EMERGING MARKETS FUND**

2003 BCSECCOM 19

CI EMERGING MARKETS SECTOR FUND
CI EUROPEAN FUND
CI EUROPEAN SECTOR FUND
CI EUROPEAN GROWTH FUND
CI GLOBAL BIOTECHNOLOGY SECTOR FUND
CI GLOBAL CONSUMER PRODUCTS SECTOR FUND
CI GLOBAL ENERGY SECTOR FUND
CI GLOBAL FINANCIAL SERVICES SECTOR FUND
CI GLOBAL FUND
CI GLOBAL SECTOR FUND
CI GLOBAL HEALTH SCIENCES SECTOR FUND
CI GLOBAL MANAGERS™ SECTOR FUND
CI GLOBAL SMALL COMPANIES FUND
CI GLOBAL SMALL COMPANIES SECTOR FUND
CI GLOBAL TECHNOLOGY SECTOR FUND
CI GLOBAL TELECOMMUNICATIONS SECTOR FUND
CI GLOBAL VALUE FUND
CI GLOBAL VALUE SECTOR FUND
CI INTERNATIONAL FUND
CI INTERNATIONAL SECTOR FUND
CI INTERNATIONAL VALUE FUND
CI INTERNATIONAL VALUE SECTOR FUND
CI JAPANESE SECTOR FUND
CI PACIFIC FUND
CI PACIFIC SECTOR FUND

CI TACTONICS FUND
CI VALUE TRUST SECTOR FUND
CI WORLD EQUITY FUND
HARBOUR FUND
HARBOUR SECTOR FUND
HARBOUR FOREIGN EQUITY SECTOR FUND
LANDMARK AMERICAN FUND
LANDMARK AMERICAN SECTOR FUND
LANDMARK CANADIAN FUND
LANDMARK CANADIAN SECTOR FUND
LANDMARK GLOBAL SECTOR FUND
SIGNATURE CANADIAN RESOURCE FUND
SIGNATURE CANADIAN RESOURCE SECTOR FUND
SIGNATURE EXPLORER FUND
SIGNATURE EXPLORER SECTOR FUND
SIGNATURE SELECT CANADIAN FUND
SIGNATURE SELECT CANADIAN SECTOR FUND

2003 BCSECCOM 19

**CI CANADIAN ASSET ALLOCATION FUND
CI DIVERSIFIED FUND
CI GLOBAL BOOMERNOMICS SECTOR FUND
CI INTERNATIONAL BALANCED FUND
CI INTERNATIONAL BALANCED SECTORFUND**

**HARBOUR GROWTH & INCOME FUND
SIGNATURE CANADIAN BALANCED FUND
SIGNATURE CANADIAN INCOME FUND
CI CANADIAN BOND FUND
CI CANADIAN BOND SECTOR FUND
CI DIVIDEND FUND
CI GLOBAL BOND FUND
CI GLOBAL BOND SECTOR FUND
CI INTERNATIONAL BOND RSP FUND
CI SHORT-TERM BOND FUND
CI MID-TERM BOND FUND
CI LONG-TERM BOND FUND
SIGNATURE DIVIDEND FUND
SIGNATURE DIVIDEND SECTOR FUND
SIGNATURE DIVIDEND INCOME FUND
SIGNATURE HIGH INCOME FUND
SIGNATURE HIGH INCOME SECTOR FUND
INSIGHT CANADIAN VALUE POOL
INSIGHT CANADIAN GROWTH POOL
INSIGHT CANADIAN DIVIDEND GROWTH POOL
INSIGHT CANADIAN SMALL CAP POOL
INSIGHT U.S. VALUE POOL
INSIGHT U.S. GROWTH POOL
INSIGHT INTERNATIONAL VALUE POOL
INSIGHT INTERNATIONAL GROWTH POOL
INSIGHT GLOBAL EQUITY POOL
INSIGHT GLOBAL SMALL CAP POOL
INSIGHT CANADIAN HIGH YIELD INCOME POOL
INSIGHT CANADIAN FIXED INCOME POOL
INSIGHT GLOBAL FIXED INCOME POOL
CLARICA CONSERVATIVE BALANCED FUND
CLARICA HIGH YIELD BOND FUND
CLARICA BALANCED FUND
CLARICA CANADIAN LARGE CAP VALUE FUND
CLARICA GLOBAL LARGE CAP VALUE FUND
CLARICA GLOBAL SCIENCE & TECHNOLOGY FUND
CLARICA SHORT TERM BOND FUND**

2003 BCSECCOM 19

**CLARICA PREMIER MORTGAGE FUND
CLARICA INCOME FUND
CLARICA PREMIER BOND FUND
CLARICA SUMMIT GROWTH AND INCOME FUND
CLARICA GLOBAL BOND FUND
CLARICA CANADIAN GROWTH EQUITY FUND
CLARICA GROWTH FUND
CLARICA CANADIAN BLUE CHIP FUND
CLARICA CANADIAN DIVERSIFIED FUND
CLARICA SUMMIT CANADIAN EQUITY FUND
CLARICA SUMMIT DIVIDEND GROWTH FUND
CLARICA PREMIER AMERICAN FUND
CLARICA SUMMIT FOREIGN EQUITY FUND
CLARICA US GROWTH EQUITY FUND
CLARICA PREMIER INTERNATIONAL FUND
CLARICA ALPINE GROWTH EQUITY FUND
CLARICA CANADIAN SMALL/MID CAP FUND
CLARICA US SMALL CAP FUND
CLARICA EUROPEAN EQUITY FUND
CLARICA ALPINE ASIAN FUND
CLARICA ASIA AND PACIFIC RIM EQUITY FUND
CLARICA PREMIER EMERGING MARKETS FUND
CLARICA ALPINE CANADIAN RESOURCES FUND
CLARICA BOND FUND
CLARICA DIVERSIFUND 40
CLARICA EQUIFUND
CLARICA AMERIFUND
(the “Current Funds”)**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Ontario, British Columbia, Alberta, Saskatchewan, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from CI Mutual Funds Inc. (the “Filer”), in respect of the Current Funds together with such other mutual funds for which the Filer hereafter becomes the manager (individually a “Fund” and collectively the “Funds”), for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the provisions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company shall not apply to investments made by the Funds in the securities of Sun Life Financial Services of Canada Inc. (“SLFS”);

2003 BCSECCOM 19

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer is a corporation amalgamated under the laws of Ontario and is or will be the manager of each Fund. The Filer’s registered office is located in Ontario.
2. Each Fund is or will be either an open-end mutual fund trust established under the laws of Ontario or a class of shares of a mutual fund corporation incorporated under the laws of Ontario.
3. At the time a Fund invests in securities of SLFS, that Fund is or will be a reporting issuer under the securities legislation in all the Jurisdictions.
4. The Filer is a wholly-owned subsidiary of CI Fund Management Inc. (“CIX”). CIX is a corporation incorporated under the laws of Ontario. CIX is a reporting issuer under the securities legislation in all the provinces of Canada and the common shares of CIX are listed and posted for trading on The Toronto Stock Exchange.
5. Sun Life Assurance Company of Canada (“Sun Life”) and Clarica Life Insurance Company (“Clarica”) are wholly-owned subsidiaries of SLFS.
6. On July 25, 2002, CIX completed a transaction with Sun Life, Clarica and others pursuant to which CIX acquired, among other assets, all of the issued and outstanding shares of Clarica Diversico Ltd. (a wholly-owned subsidiary of Clarica) and Spectrum Investment Management Limited (a wholly-owned subsidiary of Sun Life) (the “Transaction”). In return, CIX issued, in aggregate, approximately 71 million common shares to Clarica and Sun Life. Pursuant to the Legislation, all such shares are deemed to be owned by SLFS with the result that, as of the date hereof, SLFS (through Sun Life and Clarica) indirectly owns approximately 31.6% of the issued and outstanding common shares of CIX.

2003 BCSECCOM 19

7. SLFS is a “substantial security holder” of the Filer because it is deemed to own more than 20% of the voting securities of the Filer. The Legislation prohibits each Fund from knowingly making or holding an investment in SLFS because it is a substantial security holder of the Filer.
8. The Filer believes that it would be in the best interests of investors of the Funds to be permitted to invest in securities of SLFS, in keeping with the investment objectives of the Funds, up to the limit allowed by applicable Legislation.
9. The Filer will establish an independent review committee (the “IRC”), comprised entirely of individuals who are wholly independent of the Filer and SLFS, to oversee the holdings, purchases or sales of securities of SLFS for the Funds.
10. The IRC shall review the holdings, purchases or sales of securities of SLFS to ensure that they have been made free from any influence by SLFS and without taking into account any consideration relevant to SLFS.
11. The IRC will take into consideration the best interests of securityholders of the Funds and no other factors.
12. It is currently anticipated that the members of the IRC will be comprised exclusively of members of the Board of Governors of the CI Mutual Funds that: (a) fulfill the conditions for independence stipulated in paragraph 2(b) below, and (b) are not directors, officers, employees or associates of the Filer, SLFS, any portfolio manager of the Funds, or any associate or affiliate of the Filer, SLFS or any such portfolio manager (other than acting as directors of a mutual fund corporation).
13. The independent members of the Board of Governors currently are paid a fixed annual fee which is allocated to all mutual funds under the Filer’s management, generally pro rata based upon their relative net asset values. There is no intention to pay the members of the IRC any compensation in addition to their usual compensation as members of the Board of Governors.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

2003 BCSECCOM 19

THE DECISION of the Decision Makers under the Legislation is that:

1. the provisions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company shall not apply to investments made by the Funds in securities of SLFS; and
2. this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with mutual fund governance in a manner that conflicts with or makes inapplicable any provision of this Decision;

PROVIDED THAT:

- (a) The Filer has appointed the IRC to review the Funds' purchases, sales and continued holdings of securities of SLFS;
- (b) the IRC has at least three members, none of whom is an associate or employee of (i) the Filer or SLFS, (ii) any portfolio manager of the Funds; or (iii) any associate or affiliate of the Filer or SLFS or the portfolio managers of the Funds;
- (c) the IRC has a written mandate describing its duties and standard of care which, as a minimum, sets out the conditions of this Decision;
- (d) the members of the IRC exercise their powers and discharge their duties honestly, in good faith and in the best interests of investors in the Funds and, in doing so, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;
- (e) none of the Funds relieves the members of the IRC from liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (d) above;
- (f) none of the Funds indemnifies the members of the IRC against legal fees, judgments and amounts paid in settlement as a result of a breach of the standard of care set out in paragraph (d) above;
- (g) none of the Funds incurs the cost of any portion of liability insurance that insures a member of the IRC for a liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (d) above;

2003 BCSECCOM 19

- (h) the cost of any indemnification or insurance coverage paid for by the Filer, any portfolio manager of the Funds, or any associate or affiliate of the Filer or the portfolio managers of the Funds to indemnify or insure the members of the IRC in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph (d) above is not paid either directly or indirectly by the Funds;
- (i) the IRC reviews the Funds' purchases, sales and continued holdings of securities of SLFS on a regular basis, but not less frequently than every three months;
- (j) the IRC forms the opinion at any time, after reasonable inquiry, that the decisions made on behalf of each Fund by the Filer or the Fund's portfolio manager to purchase, sell or continue to hold securities of SLFS were and continue to be in the best interests of the Fund, and:
 - (i) represent the business judgement of the Filer or the Fund's portfolio manager, uninfluenced by considerations other than the best interests of the Fund;
 - (ii) have been made free from any influence by SLFS and without taking into account any consideration relevant to SLFS; and
 - (iii) do not exceed the limitations of the applicable legislation;
- (k) the determination made by the IRC pursuant to paragraph (j) above is included in detailed written minutes provided to the Filer not less frequently than every three months;
- (l) the reports required to be filed pursuant to the Legislation with respect to every purchase and sale of securities of SLFS are filed on SEDAR in respect of the relevant Fund;
- (m) the IRC advises the Decision Makers in writing of:
 - (i) any determination by it that the condition set out in paragraph (j) has not been satisfied with respect to any purchase, sale or holding of securities of SLFS;
 - (ii) any determination by it that any other condition of this Decision has not been satisfied;

2003 BCSECCOM 19

- (iii) any action it has taken or proposes to take following the determinations referred to above; and
- (iv) any action taken, or proposed to be taken, by the Filer or a portfolio manager of the Funds in response to the determinations referred to above; and
- (n) the existence, purpose, duties and obligations of the IRC, the names of its members, whether and how they are compensated by the Funds, and the fact that they meet the requirements of the condition set out in paragraph (b) are disclosed:
 - (i) in a press release issued, and a material change report filed, prior to reliance on the Decision;
 - (ii) in item 12 of Part A of the simplified prospectus of the Funds; and
 - (iii) on the Filer's internet website.

DATED December 24, 2002

Robert W. Korthals

Theresa McLeod